

H-3108-1 - RELINQUISHMENTS, TERMINATIONS, AND CANCELLATIONS

Format for Notice for Additional Requirements for  
Class III Oil and Gas Lease Reinstatement



United States Department of the Interior  
BUREAU OF LAND MANAGEMENT

IN REPLY REFER TO

3108 (Office Code)  
Serial No.

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

Lessee/Address	NOTICE
:	:
:	:
:	Oil and Gas
:	:
:	:

Class III Reinstatement Conversion  
Additional Requirements

Two unpatented oil placer mining claims were validly located prior to February 24, 1920. However, they were deemed conclusively abandoned for failure to file instruments in a timely manner as required by Section 314 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1744), and they are currently producing oil. The statutory date of abandonment was (Date). Pursuant to Public Law 97-451, the Federal Oil and Gas Royalty Management Act, (Attorney-in-fact), on behalf of (Mining claim owner), has petitioned for conversion of the unpatented oil placer mining claims (Name) to a noncompetitive oil and gas lease.

As a condition to conversion to an oil and gas lease, you must agree in writing to the lease terms that are attached to this notice. Once this has been done, we are required to publish a notice of proposed conversion in the Federal Register. You are allowed 30 days in which to sign and return the enclosed Consent to Lease Terms.

Earlier, we requested production reports from you, and we received them from October 1979 through May 1983. Those reports were submitted to the Minerals Management Service (MMS), Royalty Management Program staff. The MMS had to estimate the price of oil per barrel based on these production reports. The MMS used \$32 per barrel from October 1979 through March 1981, and \$27 per barrel from April 1981 through May 1983. The approximate value of royalty due at 12½ percent, based on the MMS calculations, totals \$24,424.16. The MMS indicated that this was only an approximation, since royalties are normally calculated from sales volumes rather than production volumes, and the exact price at which the oil was sold was not available to the MMS.

In addition, we have calculated the rental (303.56 acres x \$5 per acre or fraction thereof) at \$1,520. Therefore, a total of \$25,944.16 of royalty and rental monies are due the Federal Government through May 1983. If you have different information from actual sales volumes, this total may be less. Further, additional information is required concerning production, sales, and sale prices from May 1983 to the present. After we receive the necessary information, the MMS will calculate the total monies due.

H-3108-1 - RELINQUISHMENTS, TERMINATIONS, AND CANCELLATIONS

Format for Notice or Additional Requirements for  
Class III Oil and Gas Lease Reinstatement

2

To date, we have received \$6,475 from you. This is sufficient to cover the \$500 administrative fee and the \$125 cost of the Federal Register publication required prior to conversion of the claim to a noncompetitive oil and gas lease, and a portion of the back rental and royalty owed.

In order for the lease to be issued, the lease account must be paid in full up to the date of lease issuance. Upon payment of all monies due, and 30 days after publication of the Federal Register notice, we can issue the lease. The effective date of the lease is anticipated to be October 1, 1989.

In your petition for conversion, it is mentioned that the lands are within the (Name) Unit (a State Unit) containing 943.56 acres that was established November 6, 1982. Your request that the lease be subject to the existing (Name) Unit Agreement will be approved upon lease issuance. It will be subject to the stipulations included with the Consent to Lease Terms.

Remittance of \$\_\_\_\_\_ and execution of the enclosed Consent to Lease Terms (including Stipulation) must be received in this office within 30 days from receipt of this notice. Failure to meet this compliance period will result in a decision denying the petition for lease conversion, and the lands will be subject to leasing in accordance with the competitive lease procedures under 43 CFR Part 3120, in the absence of an appeal.

Authorized Officer

2 Enclosures

- 1 - Consent to Lease Terms
- 2 - Stipulations